

## SUPPLEMENT - ASIA-PACIFIC IP FOCUS 2007 Indonesia: Supreme Court strengthens protection for well-known marks

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*The Indonesian Supreme Court recently declared Prestone to be a well-known mark. The case should give much-needed confidence to foreign investors in the country, say Gladys Mirandah and Saritha Bhanu of Patrick Mirandah Co*

The enforcement of IP rights in Indonesia has taken a positive turn with the Supreme Court being prepared to overturn decisions of the Commercial Court that are wrongly decided and thereby protect the owners of IP rights, including foreigners. This was demonstrated in a recent case between Prestone Products Corporation, a unit of US multinational Honeywell International consumer products group (the plaintiff) and PT Teguh Mulia Perdana and Negrat Kwandou (the defendants). The case was *Prestone v Prestop (014K/N/HaKI/2007)*. This is a positive development in improving the investment climate in Indonesia given that foreign investors have always been concerned about the enforcement of their IP rights, especially against local parties.

### The dispute

Prestone had initially applied to register the trade mark Prestone in 1988 in class 1, which was subsequently granted. It then proceeded to file for the registration of the trade mark in classes 2, 3 and 4 which were also granted. They have also applied for various Prestone labels to be registered as trade marks in classes 1 and 4. These are pending.

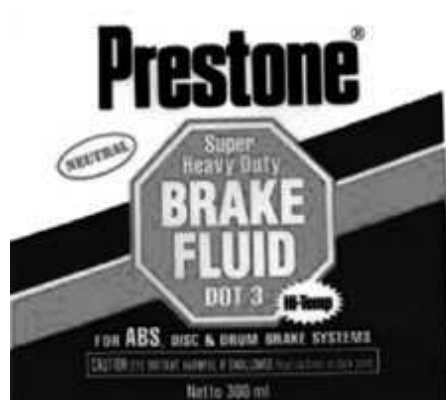
It has to be noted that the Prestone trade mark has been used in Indonesia in respect of brake fluids and hydraulics brake fluids since 1986 and has since developed a reputation as a leading brand for that range of products due to Prestone's marketing efforts. It can be said to be one of the leading brands for this product range in Indonesia.

It then came to the knowledge of Preston that a local company known as PT Teguh Mulia Perdana was marketing and distributing a brand of brake oil and hydraulic brake oil bearing the trade mark Prestop.

Upon further investigation, it transpired that Negrat Kwandou had filed a trade mark application at the Indonesian Trademark Office for the trade mark Prestop in class 1 on March 14 2005.

In addition to the issue of the visual and phonetic similarities between Prestone's Prestone mark and the Prestop mark, the Prestop products initially had a label which was substantially similar to the original Prestone label (old label) (see images).

#### Prestone (old label)



#### Prestop (old label)



Thereafter when Prestone proceeded to amend the style of its label used in respect of brake and hydraulic oils, PT Teguh Mulia also proceeded to change their label. This suggests that the defendant intended to copy Prestone's trade mark and their label as it had a significant reputation in Indonesia as regards to brake and hydraulic oils. The defendant's actions would thereby infringe the trade mark rights of Prestone, and mislead and cause confusion to the Indonesian consumer.

**Prestone (new label)**



**Prestop (new label)**



**Prestop's application is opposed**

As stated above, Nengrat had filed a trade mark application for Prestop in class 1 for the goods for "brake fluid, radiator coolant, carburetor cleaner, lubricant oil additives, chemical or industry, glue for industry, pipe glue, rubber glue, leather glue, accu liquid, accu zuue, anti-crust chemicals, motor bike oil additives, refrigerant gas preparations".

What occurred at the Indonesian Trade Mark Office was that despite the plaintiff's prior registration no. 419250 in

class 1 for the trade mark Prestone (dated November 25 1988) in respect of “preparations/mixtures for determining and preventing freezing in fuel channels, and preparations/mixtures for use in heat transferring appliances in order to prevent freezing and boiling of water, for expelling water and cleaning,” the Indonesian Trademark Office allowed the application for Prestop in class 1 to proceed to acceptance. This application was subsequently published in the Official Gazette on July 26 2007.

This acceptance for registration had a disproportionate and unforeseen impact on the plaintiff in the Commercial Court, as discussed below.

Upon the acceptance for registration, the plaintiff exercised its right to oppose the application as provided by Indonesian law and proceeded to file an opposition against the Prestop trade mark application. The basis of the opposition was the similarity of the Prestop mark to the plaintiff’s Prestone mark, which had a prior registration in class 1.

## **Prestone takes legal action**

Prestone then filed a claim for trade mark infringement in the Jakarta Commercial Court against PT Teguh Mulia Perdana and Negrat Kwandou on November 10 2006.

The plaintiff claimed that it was the registered owner/applicant and the rightful proprietor of the 11 trade marks of Prestone and Prestone labels in Indonesia in classes 1, 2, 3 and 4.

Prestone was not only the plaintiff’s trade mark but was also the name of the plaintiff company, which was established in 1986 in Indonesia. The plaintiff therefore claimed it was the rightful proprietor of the Prestone mark.

The plaintiff had also been using its Prestone mark extensively and continuously in relation to brake and hydraulic oils and had spent substantial amount of time and money in promoting the products bearing the Prestone mark. As a result of this, the plaintiff claimed that the Prestone marks became well known throughout Indonesia and acquired goodwill and reputation.

The plaintiff also claimed that the trade mark Prestone is a well-known mark in Indonesia and was entitled to protection under Indonesian laws applying Article 6bis of the Paris Convention and Articles 6(2) of the TRIPs Agreement.

The plaintiff also claimed that the defendants by their conduct in changing the label following the plaintiff’s decision to change its own label showed an intention to copy the plaintiff’s trade mark and ride on its goodwill.

The defendants’ defence was based on the ground that their trade mark application in class 1 had been substantively examined by the Indonesian Trademark Office which approved their mark Prestop. The use of the mark Prestop therefore does constitute an infringement of the mark Prestone. In response, the plaintiff’s position was that the mere fact that the trade mark was accepted for registration was not conclusive since opposition proceedings were still pending, and it was clear that the plaintiff had a prior similar mark on the Register.

## **The Commercial Court's decision**

Upon submissions being made, the plaintiff’s request to the Commercial Court to declare that the defendant’s mark was infringing was rejected. The grounds of the Commercial Court’s decision was that the trade mark Prestop had overcome the substantial examination stage at the Indonesian Trademark Office and that the Trademark Office did not consider any existence of similarities between the trade marks Prestop and Prestone.

Based on the above reasoning, the Commercial Court found the plaintiff’s claims to be premature and therefore declined the trade mark infringement suit against the defendants.

However, a number of lawyers believed that the Commercial Court’s reasoning was jurisprudentially wrong on the grounds that the judges made a fundamental error in failing to make their own decision on whether the marks were substantially similar or not and relied instead on the examination of the Trademark Office before the opposition process was even completed. In any event the Commercial Court should have made its own finding on the issue of similarity and infringement.

## **Appeal to the Supreme Court**

The plaintiff then appealed against the decision of the Commercial Court. The appeal process in Indonesia is such that the appeal to the Supreme Court against a Commercial Court decision is filed at the Commercial Court itself.

The procedure is that within 14 days from the issuance of the decision of the Commercial Court, the plaintiff is required to submit their notice to appeal along with a power of attorney at the Commercial Court. Thereafter, within the following seven days, the plaintiff is required to submit a memorandum of appeal containing the grounds of appeal showing errors in the judgment of the Commercial Court.

Upon submission of all papers in connection with the appeal, the Commercial Court will forward the case to the Supreme Court for their deliberation. The Supreme Court will examine the case and will usually issue its decision within the next 90 days.

## The Supreme Court's decision

In this case the Supreme Court found that the Commercial Court had incorrectly applied the law and decided the case based on the findings of the Indonesian Trademark Office during the examination of the trade mark Prestop. It was directed that the Commercial Court should have assessed the similarities between Prestop and Prestone in relation to the trade mark infringement action raised by the defendants.

On comparison of the trade marks, the Supreme Court found that Prestop had substantial similarities to Prestone and upon considering the evidence put forward by the plaintiff, the Supreme Court decided that Prestop had similarities in line with the composition of colour, type of font, packaging and phonetic similarities in the pronunciation of the marks whereby the prefix Presto was the dominant element for both the marks while both products Prestop and Prestone are goods of the same description and sold through the same channels.

*The Supreme Court accepted the fact that the trade mark Prestone is indeed a well-known mark and declared this in its judgment.*

The Supreme Court therefore felt that there were sufficient grounds to allow the appeal and in addition declared that the defendants were infringing the plaintiff's trade mark and were ordered to stop producing, marketing and distributing the infringing Prestop products. The Court said that if they failed to do so a penalty of Rp10 million (\$1,065) each day would be awarded to the plaintiff.

It is therefore important that trade mark and other IP owners in Indonesia enforce their rights, because with determination and able counsel the courts are willing to see that justice is done and a fair result can occur. However, some stamina and determination is needed because the matter may not initially proceed as expected.

### Gladys MIRANDAH



Gladys Mirandah is admitted to practice in Singapore, England and Wales, and Brunei. She brings with her 30 years of IP experience in Asia. She is a director of [pmc](#) Singapore, Malaysia and Indonesia and senior partner of law firm gladys mirandah co. She is also a registered patent agent in Singapore.

She is an active member of INTA and has also participated in several international forums, including being a guest speaker for the Shanghai International Symposium, the Japan group of APAA, the Customs Intellectual Property Information Center (CIPIC), the Institute of Trademark and Patent Attorneys of Australia (IPTA) and the Bayerische Patentanwaltsverein in Munich.

Her publication credits include contributions to *Intellectual Property Protection in Asia* (edited by Arthur Wineburg), *Worldwide Trade Secrets Law* (edited by Terence F MacLaren), *Managing Intellectual Property Patent and Design Yearbook*, *Trade Mark Yearbook* and *IP Litigation Yearbook*. She has for several years contributed regularly to *Managing Intellectual Property* for the *MIP Week* and international briefing columns. Gladys Mirandah is on the advisory board of the *World Intellectual Property Report* (BNA) for Singapore, Indonesia, Vietnam and India. She is also appointed as the country correspondent covering the ASEAN region for MARQUES.

Gladys is based in the Singapore office of pmc and oversees its operations in Indonesia, Vietnam and works closely with its Indian affiliate office.

### Saritha BHANU



Saritha Bhanu hails from a family of lawyers and works closely with Gladys Mirandah on contentious matters covering Malaysia and Indonesia. She has excellent investigative skills which have been an asset in her work in the litigation department. She has considerable experience in opposition action and cancellation procedures and coordinates such cases in Asia for [pmc](#).